

Message Text

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ACTION EB-07

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 8124

LIMITED OFFICIAL USE BOGOTA 3486

FOL TEL, RECVD APR 15 FROM AMCONSUL MEDELLIN, REPEATED YOUR INFO:

LIMITED OFFICIAL USE MEDELLIN TELEX NO. 6

FOR THE ATTENTION OF DCM, AMB, ECON COUNSELLOR

SUBJ: TEXTILE NOTES RELATED TO RECENT NEGOTIATIONS

1. TEXTILE INDUSTRY SOURCES HAVE GIVEN THE CONSULATE A PLAUSIBLE EXPLANATION AS TO THE ORIGIN OF THE LARGE DISCREPANCY BETWEEN USG AND GOC STATISTICS ON COLOMBIAN TEXTILE EXPORTS TO THE UNITED STATES. THE EXPLANATION IS THAT COLOMBIAN MANUFACTURERS PARTICIPATING IN THE CUT AND SEW DRAWBACK TRADE UNDER THE PLAN VALLEJO

ARE SIMPLY CHEATING THE GOC. THEY IMPORT DUTY FREE UNDER THE PLAN VALLEJO X AMOUNT OF TEXTILES OSTENSIBLY FOR CUTTING AND SEWING AND RE-EXPORT. HOWEVER, WHILE REPORTING THE RE-EXPORT OF THE ENTIRE AMOUNT IN FACT THEY ONLY RE-EXPORT PART, SAY ONE HALF THE X AMOUNT ORIGINALLY IMPORTED. THE REMAINDER IS SOLD ON THE DOMESTIC MARKET WITHOUT THE PAYMENT OF IMPORT TAXES. THE SOURCES SAID THIS PRACTICE IS WIDESPREAD AND COULD EASILY ACCOUNT FOR THE LARGE DISCREPANCY IN STATISTICS. THE SOURCES ASSUME THAT THE GOC IS AWARE THAT BECAUSE OF THIS FACTOR THE US STATISTICS ARE MUCH CLOSER TO REALITY THAN COLOMBIAN STATISTICS.

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2. THE PIERRE CARDIN RESIDENT REPRESENTATIVE IN MEDELLIN, GENE

KASAKOVE, HAS FLATLY DENIED THAT THE US MANUFACTURER WILL BE PULLING OUT OF ITS MEDELLIN PRODUCTION AND ITS ARRANGEMENT WITH EVERFIT. HE GAVE THE CONSULATE THE FOLLOWING ACCOUNT: BY MUTUAL AGREEMENT, EVERFIT AND PIERRE CARDIN DECIDED TO CUT BACK TEMPORARILY ON PROJECTED PRODUCTION FOR EXPORT FOR PIERRE CARDIN BUT EXPORT PRODUCTION IS ALREADY BACK NEAR EARLIER LEVELS (ABOUT 6,000 SUITS PER WEEK). THE OUTLOOK IS FOR STEADILY INCREASING PRODUCTION FOR EXPORT FROM EVERFIT, AND KASAKOVE EVEN HINTED THAT A MAJOR EXPANSION PLAN MAY BE IN THE WORKS. HE SAID THAT PIERRE CARDIN OUTLETS IN THE US HAVE BEEN MORE THAN SATISFIED WITH THE QUALITY OF THE EVERFIT SUITS. THE ONLY TROUBLE WITH THE EVERFIT OPERATION HAS BEEN LAGGING DELIVERIES, BUT THIS PROBLEM IS BEING RESOLVED. KASAKOVE ACKNOWLEDGED THAT PIERRE CARDIN WILL BEGIN PRODUCTION OF SUITS IN THE US FROM TWO FACTORIES (A PANTS FACTORY AND A JACKET FACTORY); HOWEVER, HE SAID PRODUCTION CAPACITY FROM THOSE TWO PLANTS IS A TOTAL OF ONLY 2500 SUITS WEEKLY AND DOES NOT THREATEN THE EVERFIT PRODUCTION. KASAKOVE SAID PIERRE CARDIN IS TERMINATING ITS CONTRACT WITH THE BOGOTA PRODUCER BLASON BECAUSE OF POOR QUALITY AND OTHER PROBLEMS. ALBERTO VASQUEZ, WHO IS CLOSE TO THE CARDIN OPERATION, CONFIRMS THE KASAKOVE ACCOUNT. COOPER UNQUOTE.
VAKY

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